SUPREME COURT, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1978

No. 78-676

THE HICKOK ELECTRICAL INSTRUMENT COMPANY,
Petitioner,

v.

TEKTRONIX, INC., THE UNITED STATES, JETRONIC INDUSTRIES, INC., and LAVOIE LABORATORIES, INC.,
Respondents.

PETITIONER'S REPLY TO BRIEF OF RESPONDENT TEKTRONIX IN OPPOSITION TO PETITIONER'S MOTION FOR LEAVE TO FILE PETITION FOR WRIT OF CERTIORARI

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PRESS OF BYRON S. ADAMS PRINTING, INC., WASHINGTON, D. C.

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The respondent's (Tektronix) brief in opposition to the motion of petitioner (Hickok) erroneously states (pg. 7) that petitioner is attempting "to entangle this Court in a reassessment of the [fact] record below" with respect to the issue of whether Tektronix has or has not "established" a royalty rate applicable to the patents in suit.

This assertion by Tektronix is in error.

The parties have conceded in the record of this case in the Court below that Tektronix has no established licensing program with respect to the patents in suit.

Petitioner, Hickok, has simply stated that Tektronix has voluntarily entered into license agreements with RCA and Western Electric which clearly establishes what Tektronix considers as an "acceptable royalty" or "reasonable compensation" for use of its patents in suit.

And that this voluntary licensing action undertaken by Tektronix should NOW be binding upon Tektronix when it comes before this Court and seeks damages by reason of the defendants using the subject matter of the patents in suit.

This is clearly a Rule of Law NOT a reassessment of the facts below.

This Court, in the case of:

> Squire B. Rude et al v.
> John M. Westcott
> 130 US 152 (1889)

spoke to this very same issue when Mr. Justice Field stated for the Court:

> "It is undoubtedly true that where there has been such a number of sales by a patentee of licenses to make, use, and sell his patents, as to establish a regular price for a license, *that price may be taken as a measure of damages against infringers.* That rule was established in Seymour v. McCormick, 57 U.S. 16 How. 480 (14:1024), and affirmed in New York City v. Ransom, 64 U.S. 23 How. 487 (16:515); Pucket Co. v. Sickles, 86 U.S. 19 Wall, 611, 617, (22:203, 204); Birdsall v. Coolidge, 93 U.S. 64 (23:802); and Root v. R Co., 105 U.S. 189, 197, (26:975, 978)."

Respondent, Tektronix, voluntarily determined the value of its patents in the aforementioned license agreements with RCA and Western Electric whereby respondent has exchanged its one-way royalty bearing license with RCA which required payment of 1.5 percent for commercial sales and 1 percent for government sales for a royalty-free cross license of the same patents as are herein involved. And, respondent has also exchanged a one-way license agreement with Western Electric for use of Western Electric's patents for a cross-license agreement whereby respondent pays a 1.5 percent royalty for use of Western Electric's patents and Western Electric has a royalty free use of respondent's patents. (App. A, p. 28a).

Clearly, these exchanges are the best evidence of the accepted value of the patents in suit rather than tenuous analysis of a hypothetical negotiation as undertaken by the court below. In essence, petitioner urges that real facts of the case and the realities of the marketplace as has been openly demonstrated by arm's length transactions by the respondent should take precedence over a hypothetical construct.

Hence, this Court is urged to follow the Rule of Law it laid down in the Rude case (supra), which rule was adopted by Judge Kashiwa in his dissenting opinion (Petitioner's App. A, pp. 23a-41a).

Respectfully submitted,

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